



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

KEITH W. COOLEY
DIRECTOR

Establishing a Non-Public Postsecondary Educational Institution in Michigan Frequently Asked Questions

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All Non-Public Postsecondary Educational Institutions that would like to conduct educational programs that are post-high school in nature must be approved by the State under Michigan statutes to operate a college or a postsecondary institution before it opens. This includes individuals, corporations, and non-incorporated bodies regardless if they are for-profit or non-profit entities. The following options are available to operate as a postsecondary institution:

1) Non-Incorporated Private Educational Institution (Institute):

To offer an educational program and grant degrees, you may apply for approval as a Non-Incorporated Private Educational Institution under Public Act 142 of 1964. Non-Incorporated Private Educational Institutions are not required to be education corporations. The proposed institution must meet minimum standards to demonstrate adequacy of resources in the following areas:

- a. housing space and administration facilities;
- b. educational programs leading to the diplomas or degrees;
- c. laboratory, library, and other teaching facilities;
- d. instructional staff.

The proposed institution must submit a written proposal that addresses these four areas. In order to evaluate these standards, the Office of Postsecondary Services may then select a Committee of Scholars with expertise in each of the four areas to review the proposed Institution. Committee members would be chosen from similar Michigan institutions. The committee conducts an on-site inspection to verify the adequacy of resources as detailed in the proposal. A program review is conducted to ensure that the scope and difficulty of the curriculum is appropriate to the degrees offered and that the faculty credentials are appropriate for the course content. Committee members then submit recommendations to the Office of Postsecondary Services regarding their determination of adequacy in each area. When all areas are determined adequate, state approval to operate a postsecondary institution and grant specific degrees is given. The Committee may recommend that the approval be contingent on the institution agreeing to comply with specific conditions prior to start up.

As a Non-Incorporated Private Education Institution, the institution would be able to grant diplomas, certificates, and degrees. Use of the word, "college or university" however, is not permitted under Section 171 of the General Corporation Act.

Although there is no fee for this review, the proposing institution will be responsible for reimbursement of travel, food and lodging expenses associated with the review process

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2) Educational Corporation (Private College or University):

If the organization desires to be to incorporated and offer degrees as a Private College or University, they must organize as an Educational Corporation under Public Act 321 of 1937, the General Corporation Act or receive approval as Foreign Corporation (out of state institution) under Act 284 of 1972, which provides the authority to conduct business in Michigan. The proposed Private College or University must demonstrate it meets the five areas of adequacy required under Section 170-177 of the General Corporation Act. The proposed institution must submit a written proposal that addresses each of the five areas of adequacy. The Office of Postsecondary Services may then select a Committee of Scholars representing similar Michigan institutions, with expertise in each of the five areas of adequacy, to review the proposed college-operating plan. The committee conducts an on-site inspection to verify the adequacy of resources as detailed in the proposal. A program review is conducted to ensure that the scope and difficulty of the curriculum is appropriate to the degrees offered and that the faculty credentials are appropriate for the course content. Recommendations are made to the Office of Postsecondary Services regarding the adequacy of the college proposal. The Committee may recommend that the approval be contingent on the institution agreeing to comply with specific conditions prior to start up. When all areas are determined adequate, state approval to operate a postsecondary institution and grant specific degrees is given and the corporation may file its articles with the Corporation Division to operate a postsecondary institution. The five areas of adequacy that must be met are:

- a. the housing space and administration facilities which it possesses or proposes to provide for its declared field or fields of education are adequate;
- b. its proposed educational program leading to the diplomas or degrees which it proposes to offer is adequate;
- c. its laboratory, library, and other teaching facilities which it possess or proposes to provide are adequate;
- d. it has or proposes to employ an adequate staff, fully trained for the instruction proposed, and;
- e. at least 50% of its capital, whether of stock or in gifts, devises, legacies, bequests or other contributions of money or property, has been paid in or reduced to possession.

An Educational Corporation may grant diplomas, certificates, and degrees. Use of the word, “college, or university ” is permitted under the conditions found in the General Corporation Act.

Although there is no fee for this review, the proposing institution will be responsible for reimbursement of travel, food and lodging expenses associated with the review process.

3) Trade Schools, Business Schools, and Institutes

Career focused schools may organize instruction under The Private Trade Schools, Business Schools, and Institutes Act (PA 148 of 1943) and be incorporated as a regular for- profit or non- profit corporation. The school must adequately complete a new school permit application. The application addresses the criteria in the Act regarding the method and content of the advertising, the standards and the methods of instruction, the personnel, and the operating and instructional practices of the school. An on-site inspection is conducted to verify the findings in the application. After one successful year of operation, a license must be annually renewed. The use of the term “college or university ” cannot be used nor can degrees be granted under this organizational structure. The organization would be able to bestow certificates of participation and completion or diplomas to students.

There is a one-time application fee and an annual renewal fee to be licensed.

ADDITIONAL CONSIDERATIONS

Religious Entities

A Church, organized as an Ecclesiastic Corporation, for the purpose of teaching its religious beliefs and principles may not operate as a college offering a program of study beyond secondary education. Section 171 of the General Corporation Act does not permit a Church to use the word, "college, or university " and grant degrees without forming an educational corporation. However, an Ecclesiastic Corporation may operate a postsecondary institution and charge fees for the purpose of teaching its religious beliefs and principles by applying for a license under The Private Trade Schools, Business Schools, and Institutes Act (PA 148 of 1943) and grant diplomas.

Operating Without State Approval

The State Legislature recently enacted the Authentic Credentials in Education Act, PA 100 of 2005. This Act prohibits schools from providing degrees, diplomas or other credentials unless authorized by the State. A person damaged by violation of this act may bring a civil action to recover damages of at least \$100,000.00.

Further Questions

If you have further questions regarding the procedure in applying for authority to operate a non-public postsecondary education institution, please contact:

James Folkening at 517.335.0401 or folkeningj@michigan.gov
Michael Beamish at 517.373.3820 or beamishm@michigan.gov
David Hanson at 517.373.6552 or hansonnd@michigan.gov